



## **Bureau of Insurance Statement Regarding Maine Community Health Options**

**October 8, 2019**

This statement discusses the key August financial results for Maine Community Health Options (“CHO”) compared to its 2019 Business Plan provided to the Bureau of Insurance (BOI).

CHO reported net income of \$5.1 million for the month of August, which compares to the Plan’s projected loss of \$0.2 million. Year-to-date net income was a reported \$12.8 million compared to the Plan’s expected \$0.3 million of net loss during the period. As of August 31, 2019, capital and surplus were a reported \$70.6 million, a \$13.3 million increase (23.2%) from \$57.3 million as of December 31, 2018.

The Company’s reported bonds, cash, cash equivalents, and short term investments at the end of August totaled \$163.8 million, a \$2.4 million (1.5%) increase from \$161.4 million at December 31, 2018. These assets exceed the Company’s accrued liabilities for member- and provider-related obligations and the BOI remains comfortable that CHO has adequate assets to meet its current obligations to its members and their health care providers.

CHO had total membership of 38,291 during August (72.6% individual, 22.9% small group, and 4.5% large group). This reflects a 23.6% drop in total membership from December 31, 2018 when it was 50,128 (79.4% individual, 17.4% small group, and 3.2% large group.) A drop in membership was expected due in part to the entry of another insurer into the Maine Affordable Care Act Marketplace as of January 1, 2019 and other factors such as repeal of the individual mandate and associated tax penalty. CHO’s actual August membership was slightly lower (2.2%) than the Plan projection for the month.

The reported percentage of the Net Outstanding Claims Inventory (which is the total pending Net Submitted Dollar Amount at August 31, 2019) in the 0-30 day period (92.1%) was somewhat lower than the same figure reported for July 31, 2019 (94.8%). The reported percentage of inventory in the 0-60 day period (98.1%) was lower than that reported for July (99.9%). The BOI is monitoring the aging of the claim inventory on a weekly basis, so more recent information is available. CHO reports that as of September 30, 2019, the percentage of Net Outstanding Claim Submissions in the 0-30 day period was 94.3% and in the 0-60 day period 99.8%. The age of the average claim in CHO’s inventory on September 30 was reported to be 4.2 days.

During August, CHO paid its 2018 Risk Adjustment obligation and reduced the related July reserve amount accordingly. CHO otherwise increased its aggregate health policy reserves by \$0.8 million from the July 31, 2019 level to a total of \$59.9 million (this reflects an increase of \$0.8 million in the 2019 risk adjustment payable reserve). Management advises the BOI that these are deemed conservative steps.